# Interview with James A. Klemstine

The Association for Diplomatic Studies and Training Foreign Affairs Oral History Project

JAMES A. KLEMSTINE

Interviewed by: Jeff Broadwater

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*Q: Could you begin by telling us a little bit about your early life, and education, before you entered the Foreign Service?*

KLEMSTINE: I went to the University of Pennsylvania from 1948 to 1952. I spent two years in the military primarily at Aberdeen Proving Grounds. After that I went to Yale University and got a Master's degree. Then I took the Foreign Service exam the summer of, I guess it was '55, because although I forget which year I had the exam, I remember having the interview in the fall of '55, the oral exam at State. I entered the Service in February of '56.

*Q: How did you become interested in the Foreign Service?*

KLEMSTINE: Oh, sometimes I often wonder myself. It was just reading about it, and I had an interest in foreign affairs, and interest in other countries, and things like that. So I just sort of became attracted to the idea.

*Q: You entered the Foreign Service right after the peak of the McCarthy period and the controversy about subversives in the State Department, and that kind of thing. What was it*

*like to enter the State Department, to enter the Foreign Service at that particular time after the anti-Communist controversy. Did you feel intimidated or inhibited in any way?*

KLEMSTINE: No, by '56 I think most of that had died out. There was hardly any mention about it at all either in the Department or when I went overseas. I mean as far as by the summer of '56, I don't recall anything about McCarthy. He was out of the picture by then, long gone.

*Q: There was no permanent legacy...*

KLEMSTINE: Well, yes, he left a legacy of people that had gotten thrown out. And there was probably a legacy of being a little more careful on the subject of communism. But I really didn't detect any problems with morale by that time.

*Q: Your first assignment was with the consular service in Germany.*

KLEMSTINE: That's right. Refugee Relief Program.

*Q: Refugee Relief and that was from 1956...*

KLEMSTINE: ...until December of 1958.

*Q: Where were you stationed?*

KLEMSTINE: Hamburg.

*Q: Could you tell me a little bit about what you did there?*

KLEMSTINE: Well, it was pretty routine. I mean you processed visas for those refugees who had come over from the eastern bloc during the '50s, and who had applied for visas. There was this legislation, I forget exactly by now, but there was some law that a certain amount of refugees from Eastern Europe could enter into the United States. You just

processed them and issued the visas, or found them not eligible. It was strictly consular visa work.

*Q: That was fairly typical assignment for young officer.*

KLEMSTINE: Yes. At that time yes. Actually the new classes of FSO's...let's see, it was the second or third class that came in the '50s, and almost all the people that were in my class, about 10 or 12, were sent to Western Europe, either Germany or France to do this refugee relief program. It was sort of an introduction to the Foreign Service at that time.

*Q: How many cases were you processing? To give me some idea of the scope of this.*

KLEMSTINE: I really couldn't even begin to say because there were usually quite a few, but sometimes it would not be many. I started doing it in the summer of '56, and the program ended, I think, at the end of '57, because most of '58 I remember spending strictly on regular consular work. I mean that was passport, citizenship, and death problems, regular consular work. I'm pretty sure it was somewhere by the beginning of '58 that the refugee relief program had been phased out.

*Q: Did you stay in Hamburg for the entire time you were in Germany?*

KLEMSTINE: Yes.

*Q: I know that one of the major crises that arose during that period in Germany was the Berlin crisis in '58. Do you remember that? Do you have any recollection of that?*

KLEMSTINE: No. Frankly I remember about it, but it didn't affect us at all. The thing that affected us was something in the beginning of my tour, and that was in the fall of '56. Hamburg was located at that time in what was called the British Zone. And remember that was the Suez Crisis time. And there the British had their nose out of joint in the fall of '56,

so there was a little coolness at that time. That's about the most I remember regarding the conditions there. I mean Berlin of '58 didn't affect us.

*Q: What kind of relations did you have with the British? What kind of contacts did you have with the British?*

KLEMSTINE: Well, they had their clubs there, and you could buy things. Also, there were a lot of people that you had social contacts with and things like that.

*Q: So you buy things like a British PX.*

KLEMSTINE: Yes, a British PX. There was an American PX in Bremerhaven that we went to but that was always an hour drive away. That was sort of an American enclave in Bremerhaven. But there was a lot of social contacts with the British at that time in Hamburg.

*Q: And then in 1960 you came back to Washington.*

KLEMSTINE: I came back in December of '58, and I started work on the Korean desk in '59.

*Q: And stayed there...*

KLEMSTINE: ...and stayed there until the fall of '61.

*Q: So you were there for the student revolt in April of 1960, and shortly after that Syngman Rhee was forced to resign.*

KLEMSTINE: That's right. That's probably the one area of high politics in which I had something to do with. In March-April of '60 Rhee rigged the presidential elections in Korea. This was sort of a foreplay of what happened, probably more familiar to you, with Marcos in the Philippines much later. During that time I was on the Korean desk. There were three

of us, the bureaucracy wasn't as big a bureaucracy in the '50s and '60s as it became in the late '70s and '80s. There were just three of us on the Korean desk. We were sending memorandum up to the Secretary, who was Herter at that time, and also to J. Graham Parsons who was Assistant Secretary of Far Eastern Affairs. We were feeding him this information about the riots, and the problems that Rhee was having in maintaining control. And then sometime in April, I don't remember the exact time, but Rhee asked for strong U.S. backing. The ambassador out there was Walter McConaughy, who later was my ambassador in Taipei. We were able to persuade J. Graham Parsons in a sense to ditch Rhee. Another individual, Phil Manhard, and myself, drafted an Aide Memoire. Again, it's so long ago, exact details escape my mind, but anyone that's interested in this should try to get into the documents of NAK, that's the Korean desk at that time, April '60. We drafted an Aide Memoire to McConaughy saying that he should tell Rhee in a sense that the United States no longer supported him, but we would offer him asylum in Hawaii, I think it was, or something like that.

We did not clear this at the White House. Manhard took it up to Secretary Herter, and surprisingly the White House agreed within a very short time, and the Aide Memoire went out that night. And as a result McConaughy saw Rhee, and he subsequently resigned.

*Q: So you weren't surprised when Rhee resigned?*

KLEMSTINE: No, no. I think the desk in a sense was at that time one of the instigators of forcing him. In fact, it was very interesting after that. Sam Lane, who was head of the desk at that time, said that in some sense we were lucky because the former Far Eastern Secretary, Robinson, who was an old pal of Rhee...

*Q: Walter Robinson.*

KLEMSTINE: Walter Robinson of Virginia. He said, “In the first place you guys would never have gotten away with this if Robinson had still been around. And the second would have been that if you'd have tried it, you probably would have all been out on your ears.”

*Q: Robinson was a real hardliner.*

KLEMSTINE: Yes, he was a real hardliner. Parsons was a much more flexible individual. And then again, Herter upstairs, was also very flexible. And as I say, the White House went along with it in a very short time.

*Q: Let me ask you another question about this. Rhee's running mate in that election was a man...I'll do the best I can with this pronunciation, Ye Ky Bong. Does that sound familiar to you?*

KLEMSTINE: Yes, he was, I think, the speaker of the house at that time. His opponent was a guy named Chang Myon.

*Q: Ye Ky Bong...*

KLEMSTINE: You say “Ye”, its “Lee.” Well, “Ye” is “Lee.”

*Q: ...died during the uprising, and there seems to be some question as to whether he committed suicide or was assassinated. I wonder if you remember what happened to him?*

KLEMSTINE: That I don't remember at all.

*Q: After Rhee resigned, there was a democratic...*

KLEMSTINE: Yes. Chang Myon took over for about a year, and then came the military coup.

*Q: Did the U.S. play any role in the coup that overthrew...*

KLEMSTINE: No, it came as a surprise.

*Q: Did you think after the fact that the United States could have done more to support the democratic government there to prevent the coup?*

KLEMSTINE: Well, Marshall Green, who was out there at that time, wanted to do some things but, again, its so long ago. I think the consensus in Washington was that Chang Myon was a weak individual as he was. And there was a sort of feeling that there wasn't too much we could do. In fact, since he was a weak leader, perhaps the military would be better. There were telegrams going back and forth from Korea, and I do remember somehow that we had several meetings and the consensus finally was that there was not really too much we could do at that time, or wanted to do.

*Q: What did you think of Park?*

KLEMSTINE: Park was a good man for Korea. Many people don't like that idea, but Park was a good man. He's the man that put the country on it's right course. Park sort of made a de facto agreement with the businessmen of Korea, that he would give them full rein to develop the country if they stayed out of politics. I once did a paper comparing Park and Ne Win in Burma, and the differences between day and night. As a result of Park, Korea has advanced. Ne Win has driven Burma into the ground.

*Q: What kind of a paper was this in case somebody reads the transcript?*

KLEMSTINE: That's a paper I did for school at Duke.

*Q: How serious was the threat to South Korea from the North in 1960, or while you were there. How serious did you take it?*

KLEMSTINE: In 1960 I don't think there was too strong a feeling. Actually the stronger feeling came during the incident in 1976 just before I went out to Seoul when they had

that axe incident on the DMZ. There seemed to be at that time more fear of a clash than in the '60s when the North Koreans were quiet. In the '60s, I think, the North Koreans were feeling that over time South Korea would fall to them. In 1960 the conventional wisdom in Washington, and everywhere else, was that South Korea was a state that could not economically survive. It's hard to think of it now, but I can still remember people talking about, well, they're going to be on the aid program forever, we know what we're going to do in the long run, and there's not much hope for this country. When Korea was divided the industry went into North Korea. That's where the Japanese had built up along the Yalu. The South was agricultural. And then the Korean War came along and what little bit of industry they'd built up had been decimated and Rhee and his cohorts, a corrupt outfit, were milking the country anyhow. So the conventional wisdom was that South Korea was going to be a burden on us, as I say, at least during our lifetime. And I think the North at that time sort of felt the same way. They were doing fairly well in the late '50s and early '60s as the result of aid from China and the Soviet Union, because actually that was the beginning of the Chinese and the Soviets dislike of each other, their ideological conflict, and both were vying for North Korean support. And as a result Kim Il-song was able to play off to both sides. And North Korea, as I said, at least when I was on the desk, was economically much more advanced than the South.

*Q: So ironically as North Korea became more stable, the situation actually became a little more tense in the '70s.*

KLEMSTINE: No, what happened in the '70s was that the South had started to develop, had overtaken, and was then moving ahead. The North was starting to lag behind, and I think it was becoming frustrating to them since, if I am correct, in the '60s they had gambled on the South falling as a plum in their hand over time, and believed we would just give up supporting them. But in 1970's they realized that the South was on its own, and was growing so much that there was no such problem. It would never fall except by military force.

*Q: I want to ask you a couple of questions about the time you spent in Moscow. You went to the Soviet Union in 1963, and stayed until '65. What did you do there?*

KLEMSTINE: Consular work. The first year I worked in the section, the second year I ran the consular section in Moscow. There were some interesting things, and in some respects it was probably a valuable experience, though at that time I sort of felt shunted aside. Over time I have realized that in some respects I was able to get a better picture and travel around the Soviet Union more than say political officers, or other officers, who the Russians sort of kept on a leash. As consular officer, after they decided I was not CIA or anything like that, I was able to travel around fairly freely and extensively. I've been everywhere west of the Urals, Central Asia, the Caucasus, Ukraine, the Baltic states, and places like that. And also I was able to talk with a lot of Russian citizens who came into the Embassy. And I'd go to the Foreign Ministry and talk to the consular people, and it was a more free exchange. There was not the tension or cut-offs that sometimes I think political people would get, because they wanted visas, for certain groups who they wanted to get into the States. I mean the Soviet officials wanted things to run smoothly in this area, and so they were rather accommodating.

An interesting thing happened when I was chief of the consular section, and that's when I learned about the invisible economy, the black market. This is an interesting story, its nothing of high politics, but sort of a sidelight on human interest. There were a lot of Armenians in the United States who had immigrated to the Soviet Union after World War II. Stalin gave them incentives, and a lot of them thought to go back to the great homeland. And there were also a lot of Americans who went over there in the '30s who thought this was the future. By the 1960s all of these people were disillusioned and wanted to get out.

I always remember one poor old lady, an American, who had gone down to the Ukraine with her family, and unfortunately she had renounced her citizenship. And she'd come up once a year just to talk to Americans. She was still a convinced Marxist, but she'd always

say, “This is a terrible place because all these people are a bunch of peasants, and they don't really know what Marxism is,” and things like that. We'd have long talks.

But getting back to the Armenians. One day a group came in and they had a suitcase. I mean not a valise, but a regular suitcase. They opened it up in front of me, and it was filled with 100 ruble notes. This is one of these that you see in the movies, a suitcase full of money, stacks about that high. I don't know how many thousands of rubles were in there. At first I thought, “Boy, this is one of these KGB things.” I thought, “This is pretty stupid.” That's when I learned in Armenia about this underground black market economy. And these people were making money hand over fist down there.

They were able to immigrate because a lot of them had kept their American citizenship and after a time the Russians would let them go, and they wanted to take their money with them. They wanted me to change the money to dollars. Well, in the first place I didn't have money to do this. And secondly, what would I ever do with stacks of rubles so high that it would take me a hundred years living in the Soviet Union, at that time, to ever spend it. Plus, of course, its illegal, but the whole thing was rather silly.

*Q: I was going to say, the ruble wasn't convertible.*

KLEMSTINE: Well, that's why they wanted me to change it. And the Russians wouldn't let them take the money out. The first case I thought this was a KGB plant, and I said, “Oh, my God.” I just said, I couldn't do anything, I'm sorry, blab-blab-blab. Then about the second or third time I began to realize what was going on, and it finally got across to me this wasn't a game that the KGB was playing. These people really wanted to take their money out, and there was no way to take it out. And as a result I came up with one idea and it evidently worked, at least for a while. I told these people to go down to the GUM, that's the Russian department store, and buy fur coats with this money, and they could take it out as clothing—sables, or fur hats, things like that. At least some of them did it

because I remember getting a letter from one of them cryptically saying, “We had a nice fur sale in New York,” something like that.

But the point I want to really get across is that in this socialist economy, I learned by talking to these people, that there was a separate economy underneath where evidently a helluva lot of money was being made.

*Q: I wanted to ask you. You traveled around and talked to a lot of Russians. What was your general impression of living standards, or quality of life in the parts of the Soviet Union that you visited?*

KLEMSTINE: It was low. You can't get around it. The thing that really surprised me in some places were the factory conditions. I thought they looked more to me like what you read in Charles Dickens of the working conditions: the dirt, and the lack of standards and safety than anything that I ever saw in the west; and anything that I ever saw subsequently in the orient.

*Q: Did you sense much discontent with the government?*

KLEMSTINE: No, this was the '60s, this was Khrushchev's time. This is when the Russian economy was growing. This was when a lot of our own people, including CIA, were fooled. The Russian growth rates were actually a quite good 5-6%, and Khrushchev himself you may remember, was predicting that by 1980 they would reach pure communism, and that they'd surpass the U.S. in production—more milk and all that sort of thing. No real discontent with the regime that I ever came across, as I said, except for dissatisfied Americans, the Americans that immigrated into the Soviet Union. But most of the Russians, I think, in the 1960s were seeing an increase in their standards compared to the immediate post-war years. It was evidently not until the late '70s that things turned around, and started to go back down as they threw money into armaments.

I went over there just after the Cuban missile crisis, and the Russians had not yet started their big rearmament program at that time. So a lot of money was going into the civilian economy, and Khrushchev in a sense tried to help the Russians out in consumer goods compared to what happened in the 1970s when they started the rearmament, and things were shuttled away from the consumer. So, no, not in the 1960s was there any real discontent, just occasional grumbling.

*Q: Were you in the Soviet Union in October '64 when Khrushchev was ousted?*

KLEMSTINE: Yes, I was there.

*Q: What did you think about that at the time?*

KLEMSTINE: Well, it came as a surprise. Any yet a couple of days before it happened...I didn't know what was going on, but things weren't right. I would sense this when I went to the Foreign Ministry. I remember about two days before the ouster, I went to the Foreign Ministry, and at that time I had a sense that something was wrong because they just put everything off. I couldn't get any answers, “Well, come back next week.” “We can't really make a decision now,” and things like that. And there were some people whose visas were being held up. Their permission from OVIR, that was the office that gave them permission to leave the Soviet Union, they had got it and then suddenly at the last minute canceled. At least I had a feeling that something was going on, but I mean I didn't know what it was, but I just felt that the Russian bureaucracies that I had to deal with at that time, seemed somewhat preoccupied. They didn't want to take any decisions. They wouldn't do anything. And even some of the decisions they had made a couple of days before, they suddenly said no, or wait a week or so. I remember saying something upstairs but there was not really that much to substantiate it. It was more of an impression I got by dealing with these people that they were not in a position to do anything or else didn't want to.

And shortly after that came the coup, which came as a surprise.

*Q: Then you left and returned to Washington shortly after that, in '65, and stayed in Washington until '70 and you worked at the Soviet Exchange.*

KLEMSTINE: That was a dead end.

*Q: What was that?*

KLEMSTINE: When I was there it was nothing going on as the result of Vietnam. There was an exchange agreement between the U.S. and the Soviet Union to exchange scientists, artists, agricultural technicians, and others, back and forth. But as a result of Vietnam at the end of '65, the Soviets shut it down. So for about two years I was sitting there doing nothing, or next to that. This was bureaucracy at its worst. Occasionally there would be a few people coming or going, but there was nothing like there was supposed to be under a large exchange program. And as a consequence, I have to confess, I spent most of the time reading books. There was really very little to do. I made myself unpopular by advocating the whole section be disbanded and put on the Soviet desk. Actually, this has subsequently been done. There had been a big exchange program up until '65. I guess they revived it sometime later, but when I was there I was unfortunate in having very little to do except, as I say, a few exchanges in the technical field and scientific fields.

*Q: Then in '67 you went to...*

KLEMSTINE: The economic course. That's where I made my big mistake.

*Q: You made a big mistake. Why?*

KLEMSTINE: I made a big mistake. Intellectually, it was the correct move. From a career point, it was a stupid move. I was told so by some people, the older people told me this would be a handicap. One of the reasons I switched careers was they had sent around this notice about the economic course. And I was so fed up doing nothing in the exchange office that I wanted to get out of there, to get to do something. At that time I felt that

economics were becoming more important, and people would pay more attention to economics. In fact, the other night when I was going through my papers I came across a copy of my letter which I sent and said in the future...that the political offices won't be able to function without some knowledge of economics, and economics is getting more important to our foreign policy.

Well, you still see in the Foreign Service Journal, “we need more economic officers,” “we need to understand economics.” But the sense remains that the economic officers are secondary, that it is low politics. And if you really want to get ahead, at least during my period in the Foreign Service, you had to stay in the high politics: political-military, or political-strategic, or political-something. They also developed these cones where you never could get out. So I got stuck doing economic work. Lip service has been paid since the 1970s about economics. They're still saying the same lip service. Well, I don't know about the last couple of years because I've been away from it, but certainly during all my career if you wanted to really get ahead you were in the political section.

*Q: Then after you completed the economics training you went to the office...*

KLEMSTINE: The Office of Monetary Affairs. That was bureaucracy at its worst. It tried to do a little bit of everything, but the trouble was it ran into the other departments. For instance, on monetary matters Treasury felt it had the right to make the final decisions. On trade matters Commerce felt it had the right to make decisions. It was a bureaucratic mess. I tried to figure out what I did. I looked over my position description what I was supposed to do, and I can't even remember if I did do those things. All I can remember is bureaucratic work. You were coordinating this, clearing that, running over to Treasury, running over to Commerce. It was bureaucracy. Nothing really important went on, except one or two things that sort of left a bad taste in my mouth. During that time I began to see a change in the Foreign Service in the sense that people were becoming more careerist. That they were looking after themselves more than the organization. For instance, somebody at Yale had written a paper that the Vietnam war was hurting our balance of

payments. This was when the balance of payments was going bad, and the dollar was going down, with the problems of gold flowing out. So the word came down, I don't know from where, that a paper had to be written to prove that this was not so. So somebody in the section wrote a paper supposedly proving that the Vietnam war hadn't anything to do with the balance of payments. The whole thing was economically nonsense but it satisfied the people whoever wanted this paper, and made them feel good. And there were similar sorts of things going on at that time; to try to prove that the Vietnam war wasn't affecting this, or our trade balances, and that kind of stuff. It really was but people were sort of falling all over themselves trying to please Johnson.

*Q: Was Vietnam driving this or was there something else going on?*

KLEMSTINE: Oh, it was domestic politics.

*Q: Because Johnson was in trouble.*

KLEMSTINE: Yes, he was in trouble but this paper had been done in '67, and I remember saying this was nonsense and got a dirty look from the boss.

*Q: Who was the boss? Do you remember?*

KLEMSTINE: Yes, Tom Enders.

*Q: Throughout most of this period Dean Rusk would have been Secretary of State and I'd be curious to see what you thought of Rusk?*

KLEMSTINE: I can't say anything about Rusk because again this was monetary affairs. The seventh floor probably didn't care less.

*Q: That's where the Secretary resides.*

KLEMSTINE: They were concentrating on the war, and the political relations. I have no feel at all on their economic position, if any.

*Q: Did you think the people on the seventh floor were too preoccupied with Vietnam and didn't give enough attention to other foreign policy problems?*

KLEMSTINE: I don't know because I was doing all this bureaucratic work. They didn't pay much attention to economics, but I'm sure no matter who had been upstairs they wouldn't pay attention to that. OMA was one of these side sections in the Department of State that sort of rolls along whether its doing something useful or not. You know the bureaucracy, Parkinson's law, once something is established, it stays established, and work expands to include the people there. I always considered the years between '65 and '70 as lost years.

*Q: Then in 1970?*

KLEMSTINE: I went to Taiwan.

*Q: ...and stayed there until '73. What did you do in Taiwan?*

KLEMSTINE: I did the economic work there. I did various reports, but especially the Foreign Economic Trends. That's a quarterly report that you send in to Commerce which is then printed and distributed it to American business. What it did was to summarize the economic developments in the country during the quarter, and also what opportunities were opening up for trade, which fields they're investing in, etc. I did a lot of economic analysis. In fact I was chosen one of the five finalist, for reporting in 1973. Everybody else was political. If you can imagine, political and one economic. But at least I did a lot of good work in proving that Taiwan was going places. This is when I came across the problems with American journals. I guess it was '72 after the Red China recognition. Of course there was a horde of people who descended on Taiwan to determine what's going to happen

to this place, whether it was going to cave in, are Americans going to leave, would the economy collapse, etc.

And there was this individual from Newsweek who came in. I gave him an interview. I gave him a real upbeat report because I felt at that time, always did feel, that the Chinese were good businessmen and this little island was really progressing. We know now it has probably, next to Japan, the world's largest reserves. So I gave him this interview for Newsweek. About a month later Newsweek magazine came out and I read this article, and instead of upbeat, it was downbeat. Taiwan was going to go to the dogs, no future and all that. And, of course, I got a call from the ambassador's office, “What the hell...” And I told him, “Its just the opposite of what I told this guy.”

So the reporter came around again in a couple of months, and I said, “What is this?” I had clipped this article. I said, “This is exactly the opposite of what I told you.” And he told me, “Yes, I submitted that, but my editor didn't feel that was right, and he revised it in the opposite direction.” So that's when I first learned, and learned subsequently, that these reporters for magazines may send in something, but if the editor doesn't like it and feels different, he'll just revise it. So what you read sometimes may be the editor not the reporter. Maybe things have changed since the 1970s, I doubt it, but anyhow then if the editor felt this was what he wanted, he would change it.

*Q: What did you think of the decision to normalize relations with China? That happened while you were there.*

KLEMSTINE: It came as a surprise to everybody.

*Q: It was a surprise to the people in Taiwan?*

KLEMSTINE: Oh, yes. It was a surprise to everybody. The main surprise, I think, was that the Red Chinese at that time were willing to do this. I mean there had always been, within the Department, a feeling that sooner or later relations should be normalized. For public

and that, they were always expressing support for Taiwan. There were a lot of papers that had been written on recognition. There was a realization that the Republic of China (Taiwan) was not China. But a lot of us felt that the Red Chinese weren't really interested in it (recognition). I think that was the big surprise, at least for the people in Taiwan that the Red Chinese actually were ready to do it.

*Q: Where did you go after Taiwan?*

KLEMSTINE: I came back to Washington and was on the Thai-Burma desk.

*Q: What did you do?*

KLEMSTINE: Well, the first year I was sort of the economic officer, and then the second and third year...'74 to '76, I was deputy director. I went back into some political work at least for four or five months when the director was on a leave of absence for some training, I ran the office. That was a transition period between the end of the Vietnam war, and what was to be our new relationship with Southeast Asia. It was an era of uncertainty. It was an era of uncertainty in the Department what we were going to do, and it was an era of uncertainty among the Southeast Asians, especially after the North Vietnamese took over Saigon. The Thais were beginning to get nervous, to say the least. And then the Communists took over Cambodia and Laos, and they were suddenly on the border. What were we going to do, and what were the Thais going to do? In '74 the military government had been overthrown; Thailand sort of fluctuated between a democracy and the military. It had been overthrown after some student riots, and then they had two parliamentary elections. Again, this is vague because this is quite a long time ago. They had to form coalition governments because there were 20 some parties, and there was wavering in the government. Another question was, should the U.S. get out of its bases in Thailand, because we had about five or six bases, Air Force, and naval. The Thai military wanted us to stay, but some Thai politicians wanted the Americans out. It was an era of uncertainty between the two countries.

*Q: What were American relations with Burma like. You don't hear too much about Burma.*

KLEMSTINE: Not very much. In fact, there was some talk about normalizing but the only real thing we had going with the Burmese at that time was narcotics control in the Golden Triangle. The rest of the things with the Burmese was about as minimal as you could get. They sort of welcomed our support on narcotics strictly because the people who were trading narcotics in Burma are the tribes, the Shan and the Kachins, who the downhill Burmese had been fighting ever since independence. The people up in the hills want their own states and the Burmese central government has been trying to put them down. So they welcomed our cooperation on narcotics interdiction because one, we furnished them with helicopters and things like that so they could do their campaigning against these dissident rebels; and two by denying narcotic money, deny the rebels money to purchase arms. Outside narcotics, things in Burma were minimal.

*Q: In '76 you went to Korea. Was that the first time you had visited Korea? Had you been to Korea before?*

KLEMSTINE: No, that's the first time I went even though I spent two and a half years on the desk.

*Q: And that was the year Jimmy Carter was elected.*

KLEMSTINE: He was elected president while I was in Korea.

*Q: And I have read that Carter's election strained relations with South Korea.*

KLEMSTINE: Yes, because he wanted to withdraw the troops.

*Q: What were you doing in Korea?*

KLEMSTINE: Again, I was the economic officer. As the political-military problem, I'm somewhat hazy. My knowledge was mostly from hearsay, talking to people, at staff

meetings and things like that. What I was concerned with had nothing to do with Carter pulling the troops out.

*Q: Well, you had been on the Korean desk before but hadn't been to Korea. Did it appear to you that Korea must have changed a good deal since...*

KLEMSTINE: I said in '60 the conventional wisdom was that Korea was going to be a burden on the United States for time immemorial—South Korea, that is. There were all sorts of efforts trying to consider some type of unification, or something to help the economy, or hoping that something would happen... I don't know if it was a campaign promise, or what, but Carter talked about bringing the troops out of Korea and that both angered and worried Park.

*Q: Then after he was elected, the Korea Gate affair broke. Did you follow that?*

KLEMSTINE: No, I didn't follow that. In Korea that was sort of hushed up in the local press. What I knew of that was occasionally reading in the magazines, or American papers. Otherwise I wouldn't have hardly known about it. At least in the English language newspapers. I didn't read Korean so I don't know, but at least the English language Korean papers had nothing about it.

*Q: I guess maybe the biggest thing that happened while you were in Korea, if you were still there in '79, Park was assassinated. What do you remember about that? Tell me a little bit about that, his assassination.*

KLEMSTINE: I don't know too much about it because the people who really concerned themselves with that was the CIA people. I mean as far as following it, and trying to find out what was going on. The station chief, as far as I remember, seemed to be the one who had his fingers in this game. I mean he had nothing to do with it, but as far as following it and trying to find out what was going on, that was pretty well kept within the agency.

*Q: Was it considered a major problem for the American government? How did you view that?*

KLEMSTINE: I think there were two views. Those who followed Korea's economy felt that Park was its architect. He may have been an authoritarian, but he was doing a lot for the country. Those with a more liberal democratic views were finally happy that this authoritarian figure had been removed. But there was a great difference between Park and Rhee, Rhee was corrupt. Park was relatively honest. I'm not saying he didn't have a finger a little bit in the pie, but compared to Rhee, or the regimes that had gone on before he was honest. Park was not a saint but certainly stuck out as much less corrupt. He was more interested in just keeping power, he wasn't interested in accumulating wealth like Rhee did, and Rhee's cohorts. That was one of the big differences.

*Q: In 1980 you came back to the United States to go to work on the Far Eastern desk.*

KLEMSTINE: I was in what was called the Far Eastern Economic Bureau. I was primarily concerned with ASEAN affairs.

*Q: ASEAN Affairs?*

KLEMSTINE: Association of Southeast Asian. That's Thailand, Philippines...there were five at that time. Indonesia, Thailand, Malaysia, the Philippines and Singapore. That was a loose organization. They were at that time trying to form something like a common market. But unfortunately while the Common Market has worked in Europe, it has not worked in LDCs because each one of them are really out to develop and if they see a chance that they can get assistance, or investment, and deny it to somebody else, they'll do it.

*Q: What kind of a role was the United States playing in this?*

KLEMSTINE: We played sort of a coordinating...well, not even a coordinating role, an encouraging role. Do this, keep this up, but real pressures and things like that, no. We felt

it was up to these people to do it. And where we could assist, or put in a good word, that was about it. We had what they called an ASEAN dialogue. Once a year we'd either meet out there, or in Washington, and discuss the economies, the figures, trading prospects and things like that. And we would encourage American businesses to invest in ASEAN. But as I say, it was sort of gentle prodding for them to work together, and for American business to invest in that area. But there was no real dynamic push behind it.

*Q: Did you give them technical assistance on some of the issues that would come up in working for a common market, a stabilizing exchange?*

KLEMSTINE: No, not as far as I know. Some of the A.I.D. people may have done that, but I don't think so.

*Q: Who would handle the aid.*

KLEMSTINE: A.I.D., Agency of International Development. That's again one of the problems. The A.I.D. is somewhat separate from State, and they'd go off on their own sometimes, you know, lack of bureaucratic coordination. Again, in some countries like Singapore there was no A.I.D. program. I think the Philippines was the largest, for the others, very small programs at that time. You probably know, the vast majority of U.S. foreign assistance ever since Camp David, has gone to Egypt and Israel. For the pie, which varies between 12 and 15 billion, at least 20% goes to these two countries, and the remainder is divided up in the rest of the world. So the amounts that you give to these countries is peanuts.

*Q: Did you continue to follow Korean affairs?*

KLEMSTINE: No. That's completely the other end of Asia.

*Q: I was going to ask you, I knew in 1980, after Park was assassinated, Chun Doo Hwan takes over Korea...*

KLEMSTINE: And then Roh Tae Woo takes over.

*Q: And in between there was the Kuangju uprising.*

KLEMSTINE: Oh, yes. I was there during the Kuangju uprising. That was around the time of Park's assassination, or shortly afterwards.

*Q: About May of 1980. Does that sound right?*

KLEMSTINE: Yes, that's about right.

*Q: I wanted to ask you, the new government suppresses this uprising. There was apparently some controversy about the role that the United States played, or didn't play in the suppression of the revolt against the new government. Do you recall anything about that?*

KLEMSTINE: I only remember there was some controversy, but I really don't recall what happened. I was getting ready to leave at that time, and I was training a successor and as a result I read about it in the papers, and heard about it, but I really didn't follow it.

*Q: What I had read, there was a General Whitcomb who was in command of American...John Whitcomb, I'm not sure what his name was and he was criticized for allowing some Korean troops that were under his command to participate...*

KLEMSTINE: Yes, I think that's correct. Again, if I did know it, it escapes my memory because I really didn't pay that much attention. I just paid attention to the uprising.

*Q: From what I've read the Reagan administration...and, of course, Reagan was elected in 1980...the Reagan administration was supportive of Chun, and some people thought maybe too supportive because it was a fairly suppressive government. I just wondered if you had kept up with that?*

KLEMSTINE: No. I kept up more with the economic affairs in Korea. The one thing that happened—This happened after I retired, but I was in London coming back from a vacation in Europe, and picked up the paper where I read about in Burma all these Korean people were blown up. It was a bomb planted by the North Koreans to kill Chun. The trouble was when I read the list many were friends of mine that had been killed. For instance, Kim Jae-ik who was a good friend of mine, he had been head of the Economic Planning Board in Korea. He had been one of the guiding lights behind the Korea economy. And then he had moved to the Blue House—that's what they call the Korean presidential mansion—to became Chun's closest economic adviser. And there were several other people that I'd worked with and that came as a low blow, all these people I'd worked with, and had known, and then to read that they were wiped out like that. I guess that happened in '84. But I have only followed the economic aspects of Korea.

Actually, you know, when you get to these developing countries like Korea or Taiwan, political issues are not really that interesting. I must say, politics are mostly within the administration. There's no elections or parliamentary action, there's no things like that. The real questions are who is on top, and who is the boss favoring. That's really what LDC politics are all about. But places like Taiwan and Korea are really most interesting for their economics of development. How they've gone about it compared to others. These are two stars of Asia. China itself now is trying to follow the same route. When I was in Taiwan, Chiang Kai-shek was still alive, and then his son took over, and it remained an authoritarian government. And in Korea it was Park, and they ran it with a fairly iron hand. On the other hand, if you kept out of politics and kept out of criticizing the government, they let you do what you wanted to do. And as I say, there was an agreement, not a real agreement, but a sort of an understanding between Park and the Korean business community, that the latter make money, they develop, they invest, and he'd take care of them. I mean if labor got rambunctious, he'd take care of things like that. All right, enrich yourselves, you're going to enrich yourselves but not making a lot of money and sending it out of the country. You make a lot of money and invest it in the country. The same way in

Taiwan. That was one of the conditions of government support. This is not true elsewhere as Latin America.

For instance, In Korea the Chung family runs the HYewndai. They have a big conglomerate that has its hand in everything. But old man Chung Ju-Yewng and Park were pretty close. Chung Ju-Yewng is a billionaire now. Park called Chung in and said, “I think we need a ship building business.” That's about all he said. “If you need any money the banks will help you out.” So Chung was smart enough to know that Park wants a ship building sector. He built up Korean ship building yards. That's how they worked. They didn't say, “You go and build a ship building yard.” They'd say, “Well it would be nice if you do it, and we will help you out, but if you don't, and put it in a soda pop factory, you're going to have a hard time getting the money, and we may look at your taxes.” Its indirect pressures on these people.

*Q: Was that Park's leadership style? Was that the secret of Korea's success? Were you surprised that Korean economy took off the way it did?*

KLEMSTINE: Everybody was surprised. If I resurrected people of 1960 and put them in 1970 in Korea, they wouldn't have believed it.

*Q: Does Park deserve most of the credit?*

KLEMSTINE: Kim Jae ek was one of the guiding lights behind Park. Park had a lot of technocrats, like Kim Jae ek who was a Ph.D. from Stanford. There were several other people there that studied in Cal Berkeley, economics and had Ph.D.s. He brought them together and they advised him. I'm sure Park himself...he was a military man originally...didn't know that much about economics, but he had these technocrats. They would advise him, and he listened. Then with this subtle way of saying to businessmen, “Now if you do these things, you get money and we'll help you. If you don't, it may be a little difficult.” The economy moved. Korea has now most business, as at least when I left

and I still think today, controlled by five or six families. They run these big conglomerates such as Gold Star, or Samsung.

Chung Ju-Yewng is an interesting story. I knew the man. He came down from North Korea. He then started out as a laborer on an American Air Force base. He then started up a construction company, and he worked his way up. I'm sure a little graft went along, but he started out in a construction company, then he went to automobiles, electronics, shipyards. And as I say, now he's a billionaire. But he put his money in Korea rather than foreign bank accounts.

*Q: What I was curious about was whether the Koreans had certain assets, cultural traditions, that maybe we didn't appreciate in 1960.*

KLEMSTINE: Its the Confucian ethic, the same as the Japanese, work and save. I mean you see that today. If you go out to Los Angeles who has these stores in Watts and these other places and build them up. It's Confucian tradition, work and save, and family. Like old man Chung, who had six or seven sons. He controlled the stock in HYewndai automobile, with one of his sons or his brother. Anyhow, its all kept in the family. He became the director of the automobile factory and he gets maybe 40% of the stock; the old man takes the controlling share, but its all kept in the family, and the family works together. This happened to the Lee family, and the Lucky conglomerate. So you always had that: family, hard work, invest, but then the government says, “Okay, go ahead and do this and we will back you.” They direct investment, and as I say, Park said, “We want a shipyard. Go to the bank.” (The banks in Korea are all controlled by the government)...”you can get the money.” And that's it.

*Q: Those were all the specific questions I had. Is there anything that I forgot that you'd like to mention?*

KLEMSTINE: No. As I say, the high politics was in my early career, and then the low politics of the later career. But in one sense, understanding Korea and Taiwan, and

Japan, and I think the same thing is going on in China. People criticize them, and yet I can understand why the old guard in China wants to keep power because in all these countries you have an authoritarian government that tells the businessmen to go out and build up the country. The entrepreneurs go out and do it, but keep out of politics. And the same way in Singapore, Lee Kuan Yew. Keep out of politics, you guys go out and make money, and we'll give you an investment climate. And business wants stability, that's what business wants. And Park provided stability for Korea. That's why it was a shock when he was assassinated. The Chang family for a while provided stability to Taiwan, at least until it got to the take-off stage. Both of these countries are past the take-off stage. They're now self sustaining growth.

The trouble with many other places is that the leaders want both power and wealth. For instance in Africa. The problem is Mobutu and similar people. They want the power but they also have corruption. They don't tell the other people to go out and get rich, they want the money for themselves. And that's the secret to development in Asia.

*Q: Does that "work and save" tradition hold through for all of Asia? Or is there a difference between Korea and the Philippines?*

KLEMSTINE: The Philippines are different. The Philippines in one sense are Asian and are not Asian. If you want to understand the Philippines, look at Latin America. The Philippines since 1500 to 1898 were under the Spanish. The things that happened in the Philippines is the same thing you have in Latin America. You could put Marcos in Peru, or Ecuador, and the same thing would happen. Or you could take one of these Latin American leaders and put him in the Philippines, and the similar things would happen. You have the oligarchy in the Philippines, like you have in most of Latin America. A few families owning most of the country, most of the land, and instead of investing in the country, its ostentatious living. You know, buying shoes and things like that. For instance in Taiwan, or in Korea, you could go to Chung's house, or business people in Taiwan homes, and it was what we would consider upper middle class. It wasn't a big ostentatious mansion.

You go in the Philippines, they have a certain section, like in Mexico, where the real rich live behind walls, guards, and big opulent mansions. That's the difference. The Philippines have a culture that I say is Spanish and that's why the Philippines is suffering. They're an odd-ball-Asia. The poor Filipino. They got the worst of two worlds, they had the Spanish and then the Americans came in, and we're not exactly a people to run other countries.

*Q: A good place to stop?*

KLEMSTINE: Yes, a good place to stop.

End of interview